

August 18, 2003

TO: Internal File

FROM: Priscilla Burton, Environmental Scientist, III, Soils

RE: Post Mining Land Use Change, UtahAmerican Energy, Inc., Horse Canyon Mine, C/0070013, Task #1630

SUMMARY:

The proposal for post mining land use change from wildlife habitat to residential/recreational was received on July 11, 2003. This post-mining land use change is only for the 16.18 acres that have not yet been reclaimed and that have not received Phase II bond release. The area being considered for post mining land use change is more specifically designated as the #2 sediment pond, buildings & pad area, fan and manway portal pads, powder & cap magazine area and the water tank area (locations are shown in Exhibit A). These facilities along with additional acreage will be donated by UEI to the College of Eastern Utah for the purposes of a science field camp. This post- mining land use is being promoted by the University of Utah's Center for Mine Land Redevelopment and is supported by the Emery County Board of Commissioners (Exhibit C).

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TECHNICAL ANALYSIS:

GENERAL CONTENTS

IDENTIFICATION OF INTERESTS

Regulatory Reference: 30 CFR 773.22; 30 CFR 778.13; R645-301-112

Analysis:

The MRP indicates that in July of 2000, UtahAmerican Energy, Inc. (UEI) purchased the Intermountain Power Agency (IPA) holdings associated with the Horse Canyon Permit ACT/007/013. Ownership and control information for UEI is presented in Appendix 1-7. This information was recently updated December 1998.

Findings:

The information provided does not meet the Identification of Interests requirements of the Regulations. Prior to approval, the Permittee must provide the following, in accordance with:

R645-301-112.900, the Permittee must, as applicable, update, corrector indicate that no change has occurred in the information previously submitted under R645-301-112.100 through R645-301-112.800.

VIOLATION INFORMATION

Regulatory Reference: 30 CFR 773.15(b); 30 CFR 773.23; 30 CFR 778.14; R645-300-132; R645-301-113

Analysis:

Violation history is recited in Appendix 1-8 and was last updated in December of 1998.

Findings:

The information provided does not meet the Violation Information requirements of the Regulations. Prior to approval, the Permittee must provide the following, in accordance with:

R645-301-113.300 requires that the violation history for the three years prior to the application is provided to the Division.

RIGHT OF ENTRY

Regulatory Reference: 30 CFR 778.15; R645-301-114

Analysis:

Page I-6A of the MRP indicates UtahAmerican Energy, Inc. (UEI) purchased the Intermountain Power Agency (IPA) holdings associated with the Horse Canyon Permit ACT/007/013 in July 2000. The assets purchased are outlined in a Quitclaim deed filed in the Emery County Court House on August 1, 2003. The MRP provides the following description of the assets purchased:

“All the federal coal leases that IPA controlled that were associated with the Horse Canyon/LilaCanyon Mines (SL-066490, U-014218, U-0126947, U-014217, SL-069291, SL-066145).

Approximately 1,600 acres of surface land and some fee coal lands.

The Horse Canyon Mine including all the surface facilities.

All associated water rights and rights-of-ways that IPA controlled.”

Findings:

The information provided meets the Right of Entry requirements of the Regulations.

LEGAL DESCRIPTION

Regulatory Reference: 30 CFR 778.16; 30 CFR 779.12(a); 30 CFR 779.24(a)(b)(c); R645-300-121.120; R645-301-112.800; R645-300-141; R645-301-115.

Analysis:

The area of post mining land use change is designated in the public notice and in Exhibit A of the application. The area encompasses 16.18 acres of the Horse Canyon Mine along the county road.

Findings:

The information provided is adequate to meet the legal description requirement of the Regulations.

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PERMIT TERM

Regulatory References: 30 CFR 778.17; R645-301-116.

Analysis:

The Utah mining permit was transferred from IPA to UEI on December 22, 1998. The five year permit term expires in December, 2003.

Findings:

The information provided is adequate to meet the permit term requirement of the Regulations.

PUBLIC NOTICE AND COMMENT

Regulatory References: 30 CFR 778.21; 30 CFR 773.13; R645-300-120; R645-301-117.200.

Analysis:

A copy of the public notice is included in Exhibit B. The notice will run for four consecutive weeks in both the Sun Advocate and the Emery County Progress.

Findings:

The information provided is adequate to meet the permit term requirement of the Regulations.

PERMIT APPLICATION FORMAT AND CONTENTS

Regulatory Reference: 30 CFR 777.11; R645-301-120.

Analysis:

On June 4, 1999, Plates II-4A through II-4G were submitted along with revised page II-2 and additional pages II-39 and II-39 as part of the Phase II bond release application. The Phase II bond release was conditionally approved on November 10, 1999, conditioned upon the removal of the culverts and sedimentation pond. The culvert and sedimentation pond work was inspected and determined complete on March 21, 2002. After which, final approval of Phase II bond release was given on April 11, 2000.

Plates II-4A through II-4G and the tabulations found on pages II-38 and II-39 are a critical part of the basis for establishing the location and acreage affected by the post mining land use change, but they could not be found within the MRP at either the Price Field Office or the Salt Lake Office.

Findings:

Further information is requested of the Permittee to establish the location and acreage affected by the post mining land use change. The Permittee must provide the following, prior to approval and in accordance with:

R645-301-121.100, The information provided must include Plates II-4A through II-4G and Pages II-38 and II-39 of the application.

MAPS AND PLANS

Regulatory Reference: 30 CFR 777.14; R645-301-140.

Analysis:

Plates II-1A and II-1B of the MRP distinguish between pre-law (Aug 1977) and post-law disturbance. Exhibit A shows the location of the land to undergo postmining land use change. Exhibit E contains a map showing the location of all the land (896.13 acres) to be donated to the State of Utah/College of Eastern Utah. These areas all fall under post-law disturbance areas on Plates II-1A and II-1B of the MRP.

Findings:

The information provided is adequate for the purpose of the Maps and Plans requirements of the Regulations.

PERMIT AREA

Regulatory Requirements: 30 CFR 783.12; R645-301-521.

Analysis:

The total permit area of 1,707.38 will be reduced by 896.13 acres upon the proposed donation of the acreage to the State of Utah/College of Eastern Utah (Exhibit E). The permit will

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then contain 811.25 acres. This reduction in permit area should be reflected in pages II-38 and II-39 of the MRP.

Findings:

Further information is requested of the Permittee to establish the location and acreage affected by the post mining land use change. See deficiency previously written under Permit Application Format and Contents, R645-301-121.100.

HISTORIC AND ARCHEOLOGICAL RESOURCE INFORMATION

Regulatory Reference: 30 CFR 783.12; R645-301-411.

Analysis:

Four brick buildings constructed during WWII (1940's) are located at the surface facilities: a shop, a warehouse, a bathhouse, and an office building. They have not been evaluated for their historic value, because at the time of initial permit issuance, they were not sufficiently aged. The proposal for post-mining land use change would entail transferring the ownership of the four buildings. As described in Exhibit D of the application, the buildings will be renovated for a science field camp. The external appearance of the buildings will not be changed. Exterior work to the buildings will consist of roof work, new gutters, fascia boards, cement work and clean up.

An unsigned, draft memorandum of agreement (Exhibit E) in the application includes a statement that the buildings are over 50 years old and may be of some interest to the State Historical Preservation Office (SHPO). Exhibit E also encourages CEU to contact SHPO prior to rehabilitation of the buildings (or demolition).

More in-depth research on the buildings is requested as per R645-301-411.140, -411.141, and -411.142

Findings:

The information provided is not adequate for the Historic and Archaeological requirements of the Regulations. Prior to approval, the Permittee must provide the following in accordance with:

R645-301-411.140, The application will contain maps and a supporting narrative describing the nature of the cultural and historic resources listed or legible for listing in the National Register of Historic Places within the permit and adjacent

areas. The maps will clearly show the location of any cultural or historical resources listed or eligible for listing. The narrative will also describe coordination efforts with and present evidence of clearances by SHPO.

SOILS RESOURCE INFORMATION

Regulatory Reference: 30 CFR 783.21; 30 CFR 817.22; 30 CFR 817.200(c); 30 CFR 823; R645-301-220; R645-301-411.

Analysis:

Appendix VII-8 of the MRP provides a substitute topsoil evaluation of the facilities area. The investigation involved five test pits along the northwest side of the county road, in the facilities area, between the fence and the shoulder of the road. The analytical data presented in Table 1 of Appendix VII-8 indicates the surface soils are sandy-loam with slightly alkaline pH values (8.1 – 8.4). The SAR values of the surface soils are generally good in pits 1-3, with the exception of Test Pit 3 below 50 inches. SAR values are elevated at all depths in Test Pit 4 and in the top 22 inches of Test Pit 5. Native soil was encountered in Test Pit 5 at 22 inches, as reflected by the lower SAR value and the higher nitrate-N value.

This submittal explains in Exhibit D of Exhibit E that the soils to be used for reclamation of the portal will come from the existing pad. Backfill from the underground rock dust bin is not identified. The volume of material required for backfill is not calculated.

Findings:

The information provided is not adequate for the purpose of the Environmental Soil Resource requirements of the Regulations. Prior to approval, the Permittee must provide the following in accordance with:

R645-301-233.100, The Permittee must identify the overburden materials to be substituted for topsoil in the reclamation of the portal and rock dust bin and demonstrate to the Division that the soil medium will be the best available material.

LAND-USE RESOURCE INFORMATION

Regulatory Reference: 30 CFR 783.22; R645-301-411.

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Analysis:

Chapter X, Section 10.3 of the MRP describes land use. Prior to mining, the land was used by wildlife and for access to grazing allotments.

Findings:

The information provided meets the Land-Use Resource Information requirements.

MAPS, PLANS, AND CROSS SECTIONS OF RESOURCE INFORMATION

Regulatory Reference: 30 CFR 783.24, 783.25; R645-301-323, -301-411, -301-521, -301-622, -301-722, -301-731.

Analysis:

Affected Area Boundary Maps

No map provided. Such maps were requested under Permit Application Form and Contents.

Cultural Resource Maps

No map provided. Such maps were requested under Environmental Resources Cultural and Historic Information.

Existing Structures and Facilities Maps

No map provided showing the existing structures since bond release. Plate II-1B does show the facilities and structures pre-reclamation. From this plate, one can tell the location of the structures mentioned in the proposal.

Existing Surface Configuration Maps

No map provided.

Surface Ownership Maps

Plate I-1 shows surface ownership.

Findings:

The information provided does not meet the Maps and Plans requirements of the regulations. Prior to approval, the Permittee must provide the following in accordance with:

R645-301-521.121, The Permittee must provide a map showing the existing location of the buildings with identification of the buildings.

R645-301-521.150, The Permittee must provide a map showing existing land surface configuration for the 16.18 acres that has not been reclaimed.

OPERATION PLAN

EXISTING STRUCTURES:

Regulatory Reference: 30 CFR 784.12; R645-301-526.

Analysis:

Ownership of all remaining structures at the Horse Canyon Mine will be transferred to the State of Utah/College of Eastern Utah to support the proposed residential/recreational post-mining land use. The submittal lists these facilities in Exhibit E as follows:

- 1) Sedimentation Pond #2 and associated drainage features
- 2) Pump House
- 3) Office Building
- 4) Bathhouse
- 5) Warehouse
- 6) Shop
- 7) Chain Link Fence
- 8) Building Pads
- 9) Parking Lot
- 10) Powder Magazine
- 11) Cap Magazine
- 12) Water Tank
- 13) Portal Pad.

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Findings:

The information provided meets the requirements of the Regulations, although a map designating the location of these facilities was requested under Maps and Plans and Cross Sections of Resource Information above.

PROTECTION OF PUBLIC PARKS AND HISTORIC PLACES

Regulatory Reference: 30 CFR 784.17; R645-301-411.

Analysis:

An unsigned, draft memorandum of agreement (Exhibit E) in the application includes a statement that the buildings are over 50 years old and may be of some interest to the State Historical Preservation Office (SHPO). Exhibit E also encourages CEU to contact SHPO prior to rehabilitation of the buildings (or demolition).

Findings:

The information provided does not meet the requirement for protection of historic places. More information was sought under Historic and Archaeological Resource Information.

RECLAMATION PLAN

POSTMINING LAND USES

Regulatory Reference: 30 CFR Sec. 784.15, 784.200, 785.16, 817.133; R645-301-412, -301-413, -301-414, -302-270, -302-271, -302-272, -302-273, -302-274, -302-275.

Analysis:

The disturbed area is recorded as 63.6 acres, of which 51.56 acres have received Phase II bond release. These 51.56 acres have a wildlife postmining land use. The remaining acreage within the disturbed area (the mine facilities pad) along with additional acreage will have a post mining land use change from wildlife to residential/recreational. The area encompassed by the post mining land use change encompasses 16.18 acres. The land will be donated to the College of Eastern Utah for the purpose of a science field camp.

Findings:

The information provided meets the Post Mining Land Use requirements of the regulations.

TOPSOIL AND SUBSOIL

Regulatory Reference: 30 CFR Sec. 817.22; R645-301-240.

Analysis:

Redistribution

No plan was provided.

Findings:

The information provided does not meet the Reclamation Topsoil and Subsoil requirements of the regulations. Prior to approval, the Permittee must provide the following in accordance with:

R645-301-541.400, R645-301-241, The Permittee must describe the plan for reclamation of the portal and the rockdust bin.

REVEGETATION

Regulatory Reference: 30 CFR Sec. 785.18, 817.111, 817.113, 817.114, 817.116; R645-301-244, -301-353, -301-354, -301-355, -301-356, -302-280, -302-281, -302-282, -302-283, -302-284.

Analysis:

Revegetation: General Requirements

No plan was presented.

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Revegetation: Mulching and Other Soil Stabilizing Practices

No plan was presented.

Findings:

The information provided does not meet the Reclamation Revegetation requirements of the regulations. Prior to approval, the Permittee must provide the following in accordance with:

R645-301-341, The Permittee must describe the revegetation plan for reclamation of the portal and the rockdust bin.

STABILIZATION OF SURFACE AREAS

Regulatory Reference: 30 CFR Sec. 817.95; R645-301-244.

Analysis:

No plan was presented for stabilization of areas to receive reclamation.

Findings:

The information provided does not meet the Stabilization of Surface Areas requirements of the regulations. Prior to approval, the Permittee must provide the following in accordance with:

R645-301-244.200 and R645-301-355, The Permittee must describe the revegetation plan for reclamation of the portal and the rockdust bin.

CESSATION OF OPERATIONS

Regulatory Reference: 30 CFR Sec. 817.131, 817.132; R645-301-515, -301-541.

Analysis:

On October 15, 1982, U.S. Steel informed the Division of Oil Gas and Mining that it was temporarily suspending mining operations at the Horse Canyon (Geneva) Mine. U.S. Steel informed the Division of its plans to permanently suspend mining operations in January 1984. The property was purchased by Kaiser Steel in November 1984 and acquired by Intermountain

Power Agency (IPA) in April 5, 1990. Phase I reclamation work was conducted in 1991 by IPA on only 42% of the area, leaving the facilities area to retain the possibility of reopening the site (Phase I Bond Release Decision Document, February 5, 1997).
[007013.hor/BOND/WORKING/PHAS1.wpd]

The change in post-mining land use for the facilities at the horse canyon mine will be permanent cessation of mining at this location. UEI will no longer secure, support and maintain surface facilities at this location (R645-301-515.300).

UEI is obligated under R645-301-541 to permanently reclaim all areas that are not suitable for the postmining land use.

Findings:

The information provided does not adequately address the requirements of R645-301-541. Further information is requested under previous sections of this TA, concerning the permanent reclamation of the portal, the UPDES discharge point, and the rock dust bin.

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

General

Reclamation was completed on 42% of the disturbed area in 1991. Phase I bond release was granted on February 5, 1997 with the release of \$812,276 and the retention of \$1,137,726 in the bond. The current bond covers both the Horse Canyon Mine and the Lila Canyon Extension. So that, during Phase II Bond Release (achieved on April 11, 2002), the bond was reduced from \$2,809,000 to \$2,617,328.

An amount of \$88,492 remains in the bond for the purpose of revegetation of the 51.56 acres in the event of revegetation failure during the remainder of the Permittee's liability period. An amount of \$946,054 remains in the bond for reclamation of the unreclaimed disturbed area as well as the 51.56 acres (Division Decision Document October 19, 1999).

Form of Bond

Surety bond.

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Findings:

The information on record with the Division is adequate.

RECOMMENDATIONS:

More information is requested of the Permittee before approving this post mining land use change.

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